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factured goods, where commercial rivalry is intense. "Big Business" is hailed as the pathfinder of foreign trade. It is maintained that trade now follows investment—not the flag. The commercial policy and the diplomatic service of Germany are held up as models. The work of American consuls, while excellent, is, in the judgment of the author, marred by lack of co-operation between the government departments and with the business interests, by the inelasticity of the tariff, and by the absence of a definite commercial policy on the part of the United States. The author repeatedly criticises the denunciation of the Russian treaty, to which he erroneously ascribes the exemption from duty of certain agricultural machinery (p. 335).

FRANK R. RUTTER.

Washington, D. C.

Buyers and Sellers in the Cotton Trade. By H. B. HEYLIN.
(London: Charles Griffin & Co., Ltd.; Philadelphia: J. B. Lippincott Co. 1913. Pp. viii, 234. \$3.00.)

The long-neglected but all-important subject of market organization is now receiving more and more attention. The chief merit of the book under review lies in its contribution to our knowledge of the methods of carrying on the English cotton goods trade and of the problems involved therein. It is not scholarly in depth of research, nor written in a coherent style; and, although not large, its size could have been lessened without seriously detracting from its value.

A brief chronology of the growth of the cotton manufacturing industry in Great Britain, with numerous quotations from Ure, is given. This is supplemented by 47 pages of statistics, mainly for the foreign trade of Great Britain in individual years. Many of these statistics are so readily available in official reports that it hardly seems worth while to reproduce them in such detail without averages or critical analysis. In a later chapter an attempt is made to show the growth of the British export trade in cotton manufactures by periods. In doing this the author laboriously sought to overcome the defects inherent in the statistics, but with little success. Because of changing prices a comparison of total values was considered inconclusive. The quantity figures for pounds of yarn and yards of cloth were likewise rejected because of the uncertain variations from year to year in the proportions of the several kinds of yarn and grades of goods. For reducing

the statistics to a common basis, the average prices of the yarn and cloth exported were used as index numbers. By this means the total values, as given in the official returns, were adjusted to show the amounts at which the annual exports would have been valued had the price levels been constantly the same as in 1896. This comparison at constant prices, however, depends fundamentally upon the average prices, which in turn were obtained by dividing the total official values by the quantities exported. If the quantity statistics were in themselves unsatisfactory for comparison, the averages obtained by using them as divisors have no superior merit.

In the chapter on the British cotton supply, although several pages are given to a quotation from the official report of a reception by His Majesty's Secretary of State for India to parties interested in the promotion of cotton culture, the description of the work of the British Cotton Growing Association is inadequate. And the statements in regard to the efforts of other countries to develop new sources of cotton supply are brief and essentially incomplete.

The author considers doubtful the theory that the decline in the average quantity of cotton consumed per spindle in Lancashire and the lessened exportations of cotton yarn have been due to the tendency to spin more of the finer counts. In support of his view the percentage changes in the quantities of yarn and cloth exported are compared with the percentage changes in the total values of these exports. The values, however, are first adjusted, by the method already explained, to the basis of constant prices. This adjustment involves the use of the quantity figures, thus invalidating the comparison. Furthermore, no allowance is made for the effect on prices of the reductions in cost which have resulted from technical improvements. The case against the "finer counts" theory does not seem to have been proven. A significant test would have been a comparison of the products of new and old mills, giving proper weight to the relative production of each grade of yarn in each case. The tables of statistics for the growth of the industry, for prices, and for the import and export trade in cotton goods in foreign countries will be found more or less convenient.

The section dealing with buying and selling seems to me to be distinctly better than the other parts of the book. The advantages to the spinners of buying their cotton in Manchester

rather than in Liverpool are stated. Numerous examples of trading methods and terms are given. And some of the questionable and vicious practices which have crept into the Lancashire trade are discussed. Among the remedies for the latter, arbitration and uniform contracts are to be noted, because of the fact that in America in the cotton goods trade and also in other trades it has been found desirable to adopt such mutually protective measures. In spite of its shortcomings the book should be of interest to business men, and the collection of these facts about the English cotton goods trade, however fragmentary, will be of assistance to students of commercial organization.

MELVIN T. COPELAND.

Harvard University.

Les Crises Périodiques de Surproduction. Vol. I. *Les Variations Périodiques des Prix et des Revenus. Les Théories Dominantes.* Vol. II. *Les Mouvements Périodiques de la Production. Essai d'une Théorie.* By ALBERT AFTALION. (Paris: Marcel Rivière et Cie. 1913. Pp. xii, 324; 418. 16 fr.)

In 1909 Professor Aftalion, of Lille, published an ingenious *Essai d'une Théorie des Crises Générales et Périodiques*, in which he sought to show that the laws of marginal utility afford a secure basis for the once discredited overproduction theory of crises. Gide and Lescure discussed the essay with interest, but did not accept its conclusions. Nothing daunted, Aftalion resumed his investigations and now issues this two-volume treatise upon business cycles. It presents much the same view as the essay of 1909, elaborated in detail, and supported by a large amount of statistical evidence. The gist of M. Aftalion's theory is as follows:

The prosperous phase of a business cycle is ushered in by a rise of the price level which promises higher profits to producers. Their efforts to take advantage of the favorable market lead on the one hand to active bidding for labor, loans, and materials, and on the other hand to an increase of orders for new industrial equipment. The increase of money incomes, produced by high profits, high interest rates, high wages, and active employment, accelerates the expansion of consumers' demand. But, when once the existing equipment has all been brought into active service it becomes difficult to increase further the current supply of consumers' goods. The industries which make industrial equipment are working at high speed, but it takes them a year or more to